

ROWE Stakeholder Process

- Introduction..... 2**
- BACKGROUND..... 2
- Differences From the CAISO Stakeholder Process..... 2
- STAKEHOLDER PROCESS..... 3
- Issue Identification and Prioritization: Catalog & Roadmap Development..... 3**
- Kickoff Stakeholder Meeting..... 4
- ISSUE IDENTIFICATION: CATALOG DEVELOPMENT..... 4
- Initiative Proposal Submission..... 5
- Triage & Classify Initiatives..... 6
- Publish Catalog..... 7
- Stakeholder Workshop on Published Catalog..... 8
- Publish Updated Roadmap from Previous Year..... 9
- PRIORITIZATION: ROADMAP DEVELOPMENT..... 9
- SRC Roundtable..... 9
- Prioritization Survey..... 10
- Draft Roadmap Development..... 11
- Stakeholder Meeting..... 12
- Final Roadmap Development..... 13
- Vote on Final Roadmap..... 13
- BOARD CONSIDERATION OF CATALOG AND ROADMAP..... 13
- Changes to the Roadmap after Board Vote..... 14
- Stakeholder Initiative Phase..... 14**
- ISSUE EVALUATION: PROBLEM STATEMENT DEVELOPMENT..... 14
- Exigent Circumstances..... 15
- Well-defined Problem Statement included in the Proposal..... 15
- Problem Statement Development..... 15
- POLICY DEVELOPMENT: IDENTIFICATION OF SOLUTIONS..... 17
- Straw Proposal Development..... 17
- Straw Proposal Stakeholder Process..... 17
- Vote & Finalizing Straw Proposal Development..... 18
- Draft Final Proposal Development..... 18
- Vote & Finalizing Draft Final Proposal Development..... 19
- Final Proposal Development..... 19
- Vote & Finalizing the Final Proposal..... 20
- BOARD CONSIDERATION..... 20
- If the Board does not accept a Recommendation..... 20

Introduction

BACKGROUND

The Launch Committee developed a set of recommendations within the Step 2 Final Proposal that included the “recommendations for a robust stakeholder process designed to ensure that the voices of all interested parties are heard, considered, and integrated into policy development.” The recommendations resulted in the proposal for a Stakeholder Representatives Committee (SRC) and “outlines a new approach to stakeholder engagement that aims to elevate participation, enhance transparency, and foster collaboration in shaping the future of WEIM and EDAM.”

The SRC should use the following “essential principles” from the North American Electric Reliability Corporation (NERC) standards development portions of the Rules of Procedure to frame the stakeholder process:

- a. Openness – participation open to all persons;
- b. Transparency – transparent to the public;
- c. Consensus building – build and document consensus;
- d. Fair balance of interests – not dominated by a small number of sectors, and respect for minority positions;
- e. Due process – reasonable notice and opportunity to participate and to have views considered; and
- f. Timeliness – getting things done, not bogged down in stalemates¹

This document is submitted to the initial ROWE Board as a recommendation for how to operate the stakeholder process. The document is intended to describe the process in a way that is not limiting to the Board and allows for appropriate flexibility as needed. Regarding the Regional Issues Forum and their proposed enhancements, the Formation Board continues to support their efforts and looks forward to seeing the results.

For the initial year of operations, the Formation Board notes that significant flexibility is needed. The dates included for Catalog and Roadmap Development are currently aligned with specific processes, but early Board activities such as the operating agreement or tariff may necessitate a change for the initial year.

NOTE: It is important to note that while “staff” will often be mentioned throughout the process, it is used generically and is not specific to ROWE or CAISO staff. In instances where CAISO staff does have a role, it will be under the direction of ROWE staff.

Differences From the CAISO Stakeholder Process

The Step 2 Final Proposal developed a new approach to stakeholder engagement that aims to elevate participation, enhance transparency, and foster collaboration in shaping the future of ROWE services. To preserve the lessons learned and efficiencies gained, the Launch

¹ NERC Rule of Practice 304(1)-(6) (effective November 28, 2023).

Committee built on CAISO's existing stakeholder processes to develop their proposal. The following is a summary of the significant changes to the existing CAISO stakeholder process:

- Introduction of the SRC and elevated role for stakeholders
- Revision of existing sectors
- Indicative voting
- Catalog and Roadmap:
 - Prioritization of initiatives will no longer take place in the Catalog, but will take place in the roadmap process
 - The SRC Roundtable's primary task will be to prioritize initiatives
 - ROWE Board vote
- Stakeholder Initiative Phase
 - Introduction of initiative sponsor
 - Introduction of formal workgroups
 - Potential for remand when an initiative is sent to the ROWE Board

STAKEHOLDER PROCESS

The Stakeholder Process will consist of two elements: (1) Issue Identification & Prioritization: Catalog and Roadmap Development and (2) Stakeholder Initiative Phase.

Each year, the ROWE will commence a Catalog and Roadmap process that guides the development of new policy and/or modifications to existing policies. The Catalog will be a listing of stakeholder initiative proposals for potential inclusion in the Roadmap. The Roadmap will be a prioritization of submitted initiatives, and associated workplan, for included initiatives over a three-year period. Each document should be updated annually and will be voted on by the ROWE Board.

Initiatives within the finalized Roadmap will then go through the Stakeholder Initiative Phase which will include problem statement development, straw proposal, draft proposal(s), a final proposal, and a vote by the ROWE Board. It is at this point that stakeholder initiatives will go from issue to solution and associated tariff change.

The below is intended as a guide for the initial Board to use when launching the stakeholder process. The initial Board is encouraged to utilize their discretion to act in the stakeholder process's best interest while upholding the aforementioned NERC principles.

Issue Identification and Prioritization: Catalog & Roadmap Development

The ROWE will collaborate and work closely with Market Operator (MO) staff throughout the Roadmap and Catalog process to understand the MO's budget, technology, ability to implement, and workplan. This collaboration will help shape work early on and may establish realistic

expectations around implementability and timeline. The collaboration with the MO is not meant to give the MO the ability to veto or stand in the way of proposed work coming out of initiatives, but to provide useful input in these early stages that can help shape and prioritize proposals.

Catalog and Roadmap development will include the following steps:

1. Kickoff Stakeholder Meeting
2. (Catalog Development) Initiative Proposal Submission
3. (Catalog Development) Triage and Classify Initiatives
4. (Catalog Development) Publish Catalog
5. (Catalog Development) Stakeholder workshop on Published Catalog
6. Publish Updated Market Policy Roadmap from previous year
7. (Roadmap Development) Prioritization
 - a. SRC Roundtable and report
8. (Roadmap Development) Draft Roadmap Development
9. (Roadmap Development) Final Roadmap Development
10. (Roadmap Development) Vote on Final Roadmap
11. ROWE Board Consideration

Kickoff Stakeholder Meeting

Timing: Mid-January

The Catalog and Roadmap process will begin with a “Kickoff Stakeholder Meeting” to gather stakeholders and prepare for the upcoming Catalog and Roadmap process. This meeting will include:

- An overview of the Catalog & Roadmap process including the scope and purpose of the Catalog and the Roadmap
- Goals for Catalog and Roadmap development
- A timeline for Catalog and Roadmap development
- An overview of Phase 2: The Stakeholder Initiative Phase
- To the extent practicable, expectations and resource availability for initiatives
- Next steps & Resources
 - Contact information, landing page, etc.

Staff Functions:

- Facilitation
- Administrative: developing materials for the meeting, noticing, scheduling
- Policy Lead: staff in charge of the Catalog and Roadmap process

ISSUE IDENTIFICATION: CATALOG DEVELOPMENT

Staff will conduct a process each year to identify initiatives for inclusion in the Catalog. Initiatives that have been addressed or are no longer needed will be eliminated from the Catalog.

Initiative Proposal Submission

Timing: Mid-January - end of February

After the kickoff meeting, the ROWE will begin accepting proposals for initiatives to be included in the Catalog and Roadmap. Initiative proposals can be submitted by any stakeholder.

However, if the CAISO is submitting a proposal, it needs to clarify what function it is submitting on behalf of (i.e. market operator or balancing authority).

The proponent of the initiative will be the entity who drafts the proposal. Stakeholders may also work together to create joint proposals that could be submitted by/with the support of multiple entities.

The proposal submission process will be open to all stakeholders, and entail a standardized submission form on the ROWE website. The submission should be responsive to the following:

- Initiative title
- Has this issue been submitted to the CAISO before submission to the ROWE? If yes, please provide a reference. If no, why not?
- Proposed initiative description: discuss the scope of the proposed initiative. What specific elements of existing market design does your initiative propose to address?
- Categorization: please share a suggested classification (see below for descriptions of the classifications) for this initiative and your reasoning.
 - If the proposed classification is in Category 2: Compliance with State and Local Public Policy, include the state or local public policy or law that may require the tariff change and an evaluation of whether it would adversely impact other states.
- Market Impact: to the extent possible, discuss anticipated impacts to market efficiency or system reliability.
- Interdependencies: please share the effect this initiative may have on any previous or current initiatives.
- Timing and urgency: are there regulatory requirements that may impact the implementation timeline, or time-sensitive reliability impacts? Are there consequences to not addressing this issue?
- Data: identify existing data and missing data needed to analyze the issue and develop solutions.

Proposal submissions will be posted on the ROWE website. Staff will need to be able to understand how existing initiatives overlap and may consult with subject matter experts (SMEs) and other staff to assist in this effort.

Staff Functions:

- Administrative: point of contact for the commenting tool
- Policy Lead: available for questions
- Operations/IT: administering the comment tool
- SME's on hand for consultation

Triage & Classify Initiatives

Timing: End of February - Mid-April

Stakeholder initiatives will be classified into three categories: Compliance/Non-Discretionary Initiatives, Compliance with State and Local Public Policy Initiatives, and Discretionary Initiatives. A description of each category is provided below.

At this stage, proposed initiatives will contain a suggested initiative classification from the proposer. Staff will review the suggested classifications, and will retain ultimate decision making authority on the final classification. Below are the three classifications with supporting definitions:

1. Compliance/Non-Discretionary initiatives: Initiatives that address compliance with federal policy (i.e. FERC order, FERC rulemaking, federal agency directive, etc.), a market design flaw, or an emerging reliability issue.
2. In some instances, a state or local policy or law may impact a market *participant* to the extent that a tariff change may be needed to enable that participant's compliance with state or local policy or law. In such an instance, any entity including a state agency representative, ROWE BOSR representative, or market participant who may be impacted may propose an initiative under this classification.
 - The Public Policy Committee of the ROWE Board will conduct outreach to states, local power authorities, and federal Power Marketing administrations to gather input about whether those entities see potential adverse impacts to their policies. The definition of what constitutes “adverse impacts” will be determined by the Public Policy Committee.
 - Staff will evaluate the proposal and determine whether a tariff or business practice change is required.
 - Tariff change/no adverse impacts: If staff determines a tariff change is required and the Public Policy Committee receives feedback that there are no adverse impact concerns, the initiative is treated the same as a Compliance/Non-Discretionary Initiative and will automatically be included in the Roadmap, with an evaluation of timing based on the compliance requirement.
 - The classification will be titled as “State and Local Public Policy - Compliance/Non-Discretionary.”
 - Tariff change/adverse impacts: If staff determines that a tariff change is required and the Public Policy Committee receives feedback that state or local policies could be adversely impacted, the initiative could still move forward through the stakeholder process and will be treated as a discretionary initiative.
 - Staff should include materials received on the potential adverse impacts in the Catalog.
 - The classification will be titled as “State and Local Public Policy - Discretionary.”
 - No Tariff Change: If staff determines that a tariff change is not necessary, they would document their findings and present them to stakeholders and the ROWE

Board. Stakeholders including BOSR representatives could comment on this finding.

3. Discretionary Initiatives: Market improvements or evolution.

- Emergent Operational Issues
 - Tariff changes addressing a market design flaw, reliability impairment, or matter affecting a particular set of entities (for example, a market design problem that undermines the reliability of a particular balancing authority area) but fall short of exigent circumstances.
 - These initiatives would still be required to have a stakeholder process, but they would be handled with a greater degree of urgency than a normal discretionary initiative lacking the same time pressure. (e.g., Energy Storage Enhancements (ESE) stakeholder initiative)
- Discrete: clear ideas to address known problem statements
 - May be able to move directly to the policy development stage (Stakeholder Initiative Phase, identified below) of the stakeholder process if the problem statement is adequately formulated (i.e. Inter-SC Trades in Regional Markets).
- Conceptual: broad topics where many stakeholders agree there is an opportunity to improve the market, but there is no clear consensus on solutions or problem statements at the beginning of the initiative. This topic may need one or more working group discussions at the issue evaluation stage in order to determine scope and problem statements.
 - May include several subtopics
 - E.g., Energy Storage Enhancements, Greenhouse Gas Coordination, Gas Resource Management

Staff will be tasked with triaging the submitted proposals to determine if the stakeholder process is the appropriate forum, or if the submission belongs in another process (i.e. business practice manual change process, customer inquiry, dispute and information (CIDI) process). For proposals that staff determine should not be included in the Catalog, staff will provide their reasoning and a recommendation on the appropriate forum. If a stakeholder disagrees with the proposed classification, they are encouraged to work with staff to find consensus. If consensus cannot be achieved, they may go to the ROWE Board with their concerns.

Staff Functions:

- Policy: (1-2) people with enough experience to appropriately triage & classify
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Publish Catalog

Timing: Mid-April

The Catalog will be a listing of proposals for stakeholder initiatives. Staff will write and publish the Catalog to the ROWE site which will include:

- All proposals submitted by stakeholders
- Staff categorization and reasoning for the assigned category if there is a discrepancy from what the stakeholder proposed
- Appendix of disposition of stakeholder initiatives: For initiatives that are recommended to not be included in the Catalog, this section should include staff's reasoning for the exclusion, how they will be addressed, and the appropriate forum for addressing them.
- Board classification

Staff should also include the status of current initiatives and their associated workplan. This workplan should include the timeline for completion, and the staff resource and capacity spent on these initiatives so that stakeholders have an understanding of available resources.

Staff Functions:

- Administrative: write, notices, & publish the Catalog
- Policy Lead: available for questions

Stakeholder Workshop on Published Catalog

Timing: End of April/Early May

Once the Catalog has been posted, staff will facilitate an educational stakeholder workshop that includes:

- Stakeholder presentations of their submitted initiatives
- Staff overview of the Catalog
 - This includes an overview of non-discretionary items that will automatically be included in the Roadmap.
- At the discretion of staff or if specifically requested by stakeholders, an update on initiatives currently underway
- Process for prioritization
- Communication of staff resource availability to the extent known (high level)
- Relevant topics as necessary
- Next steps, etc.

Staff Functions:

- Facilitation
- Administrative: developing materials for the meeting, noticing, scheduling
- Policy Lead: available for questions
- SME's on hand for consultation

Publish Updated Roadmap from Previous Year

Timing: End of May

The Catalog and Roadmap process occurs annually. In between annual updates, staff need to ensure that the previous year's Roadmap is updated and reflects any changes that may have occurred since it was finalized. This process may result in an updated Roadmap that is intended to reflect any such changes to existing initiatives. An updated Roadmap will be published if there are changes that necessitate an update. It will be developed and published by staff and include the following:

- Any major or minor changes
- To the extent practicable, a broad understanding of resource/staffing changes

As stated under Board consideration of Catalog and Roadmap (see page 13), in order to maintain flexibility and adaptability, staff should have the ability to modify the prioritization of initiatives in the Roadmap at any time, but must notify the ROWE Board and SRC at the next public meeting and take comments.

Staff Functions:

- Administrative: drafting, and noticing the publication of the document
- Policy Lead: available for questions, include designated policy lead for each initiative

PRIORITIZATION: ROADMAP DEVELOPMENT

The Roadmap will be a document that prioritizes the initiatives in the Catalog to reflect the workplan for stakeholder initiatives for a three-year period. Roadmap development includes the following steps:

1. SRC Roundtable
2. Prioritization of Catalog initiatives via survey by individual stakeholders and sectors
3. Draft Roadmap published for public comment
4. Stakeholder meeting
5. Stakeholders vote on Draft Roadmap
6. Staff revises and publishes the Final Roadmap
7. Stakeholders vote on Final Roadmap
8. Staff recommends Final Roadmap to ROWE Board, with results of stakeholder indicative vote

SRC Roundtable

Timing: May

After the publication of the Catalog, SRC Representatives will work with their sectors to collect feedback and rank initiatives that are of most importance to each sector. This process will be largely informal, and it will be up to each sector to determine the method with which they will rank initiatives. SRC representatives will take this information back to the SRC to identify common themes across sectors that are of the most importance to the stakeholder community as a whole.

Once SRC representatives collect feedback, they will host a roundtable and publish a report with recommendations to staff on initiative prioritization. The Roundtable will be developed and led solely by the SRC including materials, noticing, facilitation, and compiling feedback in the form of a report. All stakeholders are encouraged to attend.

The Roundtable should use the below agenda as a foundation:

- Themes of consensus/non-consensus identified by SRC representatives
- Consolidation of stakeholder opinions
- Highlight urgent issues
- Evaluation and prioritization of initiatives from the previous year’s roadmap
- Feedback on the Stakeholder Process and for the ROWE: What is going well, what is not, opportunities for improvement, etc.

Report

The SRC should submit to staff a report that captures the dialogue and discussion of SRC representatives with their sectors and at the round table. The report should include the following information:

- Overarching themes and common priorities across sectors to consolidate the views of the stakeholder community as a whole
- For each sector, an overview and summary of their current priorities, new initiative priorities, other high priority issues, and feedback on the Catalog and Roadmap process.

The SRC should also attempt to organize these priorities based on discretionary initiative category—i.e., whether the initiative appears to be a “discrete” initiative, or a broader, “conceptual” initiative. Staff will use this report to inform development of the Roadmap.

Staff Functions: This will be developed and led solely by the SRC including materials, noticing, facilitation, and compiling feedback.

- Administrative: scheduling

Prioritization Survey

Timing: May - June

Stakeholders will be asked to prioritize only discretionary initiatives listed in the Catalog. Non-discretionary initiatives are automatically included in the Roadmap. The SRC will take an active role in advising on the prioritization of discretionary stakeholder initiatives for purposes of the Roadmap (outlined below), but staff will retain primary responsibility for implementing a public stakeholder process to identify and prioritize initiatives. Stakeholders will retain primary responsibility for advancing initiatives that are important to their organizations. The SRC will facilitate and assist in these efforts, but it will not replace the roles and responsibilities of either staff or stakeholders.

Due to the evolving nature of proposal submissions and resource availability, it is critical that the ROWE maintains a flexible prioritization process. The ROWE may choose to utilize previous CAISO prioritization surveys as a foundation and it is likely that the process will continue to evolve as stakeholder proposals and needs evolve.

In lieu of a specific process for prioritization, the ROWE should design a process that ensures that the following information is obtained via a survey or similar questionnaire format:

- Which initiatives are the highest priority to individual stakeholders
- Which initiatives are urgent to individual stakeholders
- Stakeholder resource availability: Where and how much are stakeholders prepared to participate
- Reasoning: For stakeholders who wish to provide additional context to their responses, a mechanism for narrative feedback to state their reasoning. The intent is to gather information that may not be easily quantifiable.
- Classification: This may also be an opportunity for stakeholders to comment on the classification of initiatives and whether they disagree with staff's proposed classification and why.
- Feedback on how the ROWE can structure the process and provide additional support to enable robust participation in the Stakeholder Initiative Phase.

In advance of the initial prioritization process, the ROWE should identify a survey tool that is secure, flexible, and adequately meets the needs of this process. Responses should be automatically posted to the ROWE website. Staff should also provide analysis of the responses in the form of a heatmap or similar tool that displays where trends may lie.

Staff Functions:

- Facilitation
- Administrative: notice, develop, distribute, collect and post survey responses.
- Policy Lead: available for questions

Draft Roadmap Development

Timing: June - November

Staff will lead the drafting and development of the Roadmap. Staff may also coordinate with the SRC prior to publication of the draft, revised, and/or final Roadmap to ensure that the Roadmap reflects the input of the stakeholder community as documented through the SRC's roundtable process and report and stakeholder comments submitted as part of the Catalog and Roadmap process. This coordination is not intended to supplant or displace public meetings or process for obtaining input from the stakeholder community at large through the stakeholder comment process on drafts or the final Roadmap, but it is intended to ensure alignment of the Roadmap with stakeholder priorities as the public process for Roadmap development proceeds. As part of this coordination process, staff may inform the SRC of the basis for its proposed decisions

regarding Roadmap prioritization, including any relevant staff, budgetary, or software and other implementation constraints that might affect prioritization. The objective is that this collaborative process will result in a Roadmap that reflects the goals and priorities of stakeholders to the maximum extent possible given available resources to conduct initiatives for the three subsequent years.

As part of its evaluation of which discretionary initiatives to include in the Roadmap, staff may use as one criterion for inclusion whether an initiative is in the top 5-10 for at least two sectors. Staff can also include any initiative that is in the top 5-10 for any single sector with documentation on the value of the initiative.

The Draft Roadmap should include the following:

- For Initiatives included, the title of the initiative, organization that submitted the proposal, a short summary of the initiative, and the categorization of the initiative
 - Compliance/Non-Discretionary initiatives will automatically be included in the Roadmap. Staff should include any required timing.
 - Compliance with State/Local Public Policy: If a State and Local Public Policy Initiative is determined to require a tariff change, staff should include timing of the initiative which is based on the compliance timeline for the policy change
- Disposition of stakeholder initiatives: Why an initiative was not included in the Roadmap including staff evaluation of workload and resources availability.
- A report on the prioritization survey and sector prioritization that leverages the demographic information included in Stakeholder Registration to give insight into areas of consensus.
- A Roadmap in the form of a gantt chart that delineates the proposed timeline for each initiative including initiatives from the previous year.

Stakeholder Meeting

Staff will lead a stakeholder meeting to review the Draft Roadmap, explain resource availability, and answer any questions. An open comment period and vote will follow the meeting. All voting results will be part of the recommendation to the ROWE Board.

At this time, staff may request that one or more representatives of the SRC present an overview of the results of the Roundtable and sector prioritization.

Staff Functions:

- Facilitation
- Administrative: Developing materials for the meeting, noticing, scheduling, administering the vote
- Policy Lead: Available for questions
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Final Roadmap Development

Timing: November - December

If applicable, staff will integrate stakeholder comments to develop the Final Roadmap which will contain the same elements of the Draft Roadmap. Staff will lead a stakeholder meeting to review the Final Roadmap. An open comment period and vote will follow the meeting.

Staff Functions:

- Facilitation
- Administrative: Developing materials for the meeting, noticing, scheduling
- Policy Lead: Available for questions
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Vote on Final Roadmap

Timing: December

Once consensus has been achieved, staff will administer a vote to recommend approval of the Roadmap. All voting results will be part of the recommendation to the ROWE Board.

Staff Functions:

- Facilitation
- Administrative: Developing materials for the meeting, noticing, scheduling, administering the vote.
- Policy Lead: Available for questions
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

BOARD CONSIDERATION OF CATALOG AND ROADMAP

Following completion of the Roadmap, the ROWE Board must formally vote to adopt the Catalog and Roadmap. Ahead of the vote, the ROWE Board will receive a packet of materials that includes:

- The finalized Catalog & Roadmap
- A report from the SRC on the process for developing the Catalog and Roadmap including all indicative voting and the results of the vote on the Final Roadmap.
- Disposition of stakeholder initiatives
- Input from the Public Policy Committee as needed.

The vote will be held at the next public meeting of the ROWE Board.

Staff Functions:

- Facilitation

- Administrative: Developing materials for the meeting, noticing, scheduling
- The following should be on hand for any questions from the ROWE Board: Policy Lead, SMEs, IT, legal, operations, and SRC Representatives.

Changes to the Roadmap after Board Vote

In order to maintain flexibility and adaptability, staff should have the ability to modify the prioritization of initiatives in the Roadmap at any time, but must notify the ROWE Board and SRC at the next public meeting and take comments. For example, if a stakeholder-prioritized initiative needs to be removed from the Roadmap or an initiative's timing must be adjusted in a significant way (such as by deferring or advancing an initiative by a year or more), the expectation is that the SRC and the stakeholder community at large will be advised of the reason for the change. The SRC should also provide input to staff regarding emergent issues and would work with and advise staff regarding any needed reprioritization to address emergent issues and major changes to initiative timelines (like deferral of a topic into a future year, for example). This could include discrete initiatives with quick solutions that may emerge out of the Catalog cycle (e.g., Energy Storage Enhancements). The SRC would retain discretion to address any concerns with the reprioritization with staff and/or the ROWE Board as appropriate.

Stakeholder Initiative Phase

The Stakeholder Initiative Phase is where stakeholders develop solutions and produce a final proposal for individual initiatives within the Final Roadmap. The Stakeholder Initiative Phase will include the following steps:

1. Problem Statement Development
2. Straw Proposal Development
3. Draft Final Proposal Development
4. Final Proposal Development
5. ROWE Board Vote

ISSUE EVALUATION: PROBLEM STATEMENT DEVELOPMENT

The focus of Step 1 addresses the following question: What is the objective of the stakeholder initiative and what issues are we trying to solve?

The final problem statement should be narrowly tailored and create a shared understanding of the goals of the initiative prior to policy development. This will align stakeholder expectations on the goals and scope of the initiative.

The following two circumstances will result in an ability to bypass the development of the problem statement:

- Exigent circumstances exist that do not allow time for problem statement development (time is of the essence)
- A well-defined problem statement was included in the proposal (Catalog)

If neither of these criteria are met:

- Problem statement development is required

Role of Staff

Staff will retain primary responsibility for facilitation and administration of the problem statement development process, including technical expertise. Staff will ensure that problem statement development is aligned with the proposal description.

Exigent Circumstances

In the instance of exigent circumstances where a solution is time-critical, it is not necessary to go through problem statement development.

Well-defined Problem Statement included in the Proposal

If staff determines that a proposal includes a well-defined problem statement, they may hold an indicative vote to bypass problem statement development and move on to the straw proposal stage.

If the vote reflects stakeholder disagreement with the problem statement as written, the initiative should move to problem statement development.

Problem Statement Development

The problem statement will be drafted by staff. Staff should use the proposal submitted in the Catalog and Roadmap process as a foundation for drafting.

Once a problem statement has been drafted, staff will host at least one stakeholder meeting and subsequent comment period. Discretion should be given to staff to determine whether additional meetings and comment periods are needed. SRC members are expected to regularly solicit input from their sectors during problem statement development. The goal is to drive towards enough consensus to hold an indicative vote to approve the problem statement so that it can move to the policy development phase.

The SRC may identify initiative sponsors in the problem statement development phase. Additionally SRC, staff, and/or stakeholders may identify the need to convene a work group to work on specific elements of the initiative.

Role of the initiative sponsor

The SRC may identify up to two initiative sponsors for a stakeholder initiative. The sponsor is generally an entity who is strongly in support of a particular initiative moving forward and willing to dedicate additional time and effort to help drive the initiative. Sponsorship is not mandatory for all initiatives and ROWE staff may decide to proceed with an initiative without sponsorship.

An initiative sponsor is a voluntary role. Initiative sponsors are expected to partner with staff for the entirety of the stakeholder initiative phase. The initiative sponsor role is flexible; it is intended to be adapted to the needs of an initiative and the sponsor's capacity. The Initiative Sponsor role may include, but is not limited to:

- Consulting on the initiative timeline
- Conducting outreach on the initiative with SRC representatives and their sectors
- Providing support to determine when problem statement development is complete and ready to move to a vote
- Drafting problem statements, proposal materials, and materials for workshops
- Leading, organizing, participation in workshops

Work Groups

Staff, initiative sponsor(s), or SRC representatives can request the creation of a work group. Flexibility on whether to form a work group should be maintained. A work group is a subgroup that meets to advance the development of a problem statement. Work groups are open to all stakeholders, with the expectation that all work group members actively contribute. An example of when a work group may be needed is if problem statement development stalls and a small group effort would facilitate forward progress. The work group will determine when it is no longer needed and the timing for it to dissolve.

Staff will administer and support the work group, including taking the lead on preparing discussions. Initiative sponsors will partner with staff to support meeting preparations and facilitation of the work group. Stakeholders may also provide presentations and discussions on proposed problem statements as part of the work group.

Voting

If staff, stakeholders, the initiative sponsor, or the SRC believe the problem statement is well defined and ready to move to the straw proposal stage (consensus exists and/or sufficient iterations and revisions have been made), they may call for an indicative vote at the stakeholder meeting on the problem statement. The call must be seconded by another entity for the vote to move forward.

Notice will be given in advance of a vote to stakeholders. A vote may be taken to either advance or terminate an initiative/problem statement. Voting will be administered through the ROWE voting system and all registered stakeholders may vote.

An indicative vote will be held at the second publication of the problem statement(s) if one has not already been held to determine how and whether to proceed. If there are multiple problem statements, each may require a vote.

Results of an indicative vote may lead to:

- Reframing the issue
- Moving to the straw proposal phase

- Reconsideration of whether to proceed with initiative development

Ad hoc, informal voting may be used throughout the process to evaluate the level of consensus around problem statements.

Staff Functions:

- Facilitation: Leading meetings, working with initiative sponsors and work groups as needed, facilitating vote(s)
- Administrative: Developing materials, noticing, scheduling, managing comment tool.
- Policy Lead: Each initiative should have a designated policy lead.
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

POLICY DEVELOPMENT: IDENTIFICATION OF SOLUTIONS

Straw Proposal Development

Staff will generally lead the development of the straw proposal. However, in instances of discrete initiatives, the proponent of the initiative may offer a straw proposal for staff to use.

While there is not a specific role for SRC in the straw proposal phase, SRC representatives are expected to maintain communications with their sector and inform them of progress. Staff may use SRC representatives as points of contact to assess interest in participation. Initiative sponsors should be involved and consulted at each stage of straw proposal development, but are not expected to assist in facilitation of the process. Staff should provide initiative sponsor(s) guidance on any guardrails that may need to be considered (tariff/legal/operational constraints) when drafting the straw proposal.

Workgroup members from the problem statement development stage may opt to continue the workgroup into the straw proposal development phase. If an issue is critical to a single sector, they could offer to drive the work group to reduce staff burden. However, this approach may not work with an initiative that has diverse and divergent perspectives across sectors. It will be left to the discretion of staff, initiative sponsor(s), and workgroup members on how the workgroup is operated and when it is no longer needed.

Decisional classification: At this point, the straw proposal should include a recommended decisional classification. The method for determining this will be between the ROWE and CAISO and included in the CAISO-ROWE agreement.

Straw Proposal Stakeholder Process

The stakeholder process for straw proposal development will occur in the following order:

- (1) Release of Draft Straw Proposal
- (2) Stakeholder workshop on Draft Straw Proposal
- (3) Open comment period on Draft Straw Proposal

- (4) Revision of Draft Straw Proposal
- (5) Release of Revised Draft Straw Proposal
- (6) Stakeholder workshop on Revised Draft Straw Proposal
- (7) Open comment period on Revised Draft Straw Proposal
- If needed and as determined by staff, additional iterations of steps 4-7

Staff will lead the drafting and development of each iteration of the straw proposal and workshop materials, facilitate stakeholder workshops, develop questions for commentary, and work with stakeholders to integrate comments. Stakeholders may present associated proposals or comments at workshops as needed, at the discretion of staff. Staff may also invite external entities to present if they determine that it would be productive to the discussion. Materials and associated commenting tools will be posted publicly on the ROWE website.

Vote & Finalizing Straw Proposal Development

Staff should utilize the comment template as a voting mechanism to take an indicative vote and gauge stakeholder consensus. Staff will provide notice to stakeholders that a vote will take place at the next comment period. SRC representatives are expected to communicate to their sectors that a vote is forthcoming.

Along with results of the indicative vote, staff should consider the following factors when deciding whether straw proposal is ready to move to the next stage: level of general stakeholder agreement based on comments and feedback from workshops; technical feasibility has been checked; how much additional analytical work might still need to be conducted; is the proposal consistent with existing market principles.

Staff Functions:

- Facilitation: Leading meetings, working with initiative sponsors and work groups as needed, facilitating vote(s)
- Administrative: Developing materials, noticing, scheduling, managing comment tool.
- Policy Lead: Each initiative should have a designated policy lead.
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Draft Final Proposal Development

Staff will lead the development of the draft final proposal. While there is not a specific role for SRC in the draft final proposal phase, SRC representatives are expected to maintain communications with their sector and inform them of progress. Initiative sponsor(s) will have no formal role at this stage, but may assist staff in encouraging participation and driving consensus.

As with straw proposal development, there should be a workshop on the draft final proposal and opportunity to comment. Additional workshops and comment periods may be necessary depending on the level of consensus.

Staff Functions:

- Facilitation: Leading meetings, working with Initiatives Sponsors and Work Groups as needed, facilitating vote(s)
- Administrative: Developing materials, noticing, scheduling, managing comment tool.
- Policy Lead: Each initiative should have a designated policy lead.
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Vote & Finalizing Draft Final Proposal Development

This process will be the same as what is used when finalizing the straw proposal. Staff should utilize the comment template as a voting mechanism to take an indicative vote and gauge stakeholder consensus. Staff will provide notice to stakeholders that a vote will take place at the next comment period. SRC representatives are expected to communicate to their sectors that a vote is forthcoming.

Along with results of the indicative vote, staff should consider the following factors when deciding whether the draft final proposal is ready to move to the next stage: level of general stakeholder agreement based on comments and feedback from workshops; technical feasibility has been checked; how much additional analytical work might still need to be conducted; is the proposal consistent with existing market principles.

Final Proposal Development

Development of the final proposal will largely follow the same process as the draft final proposal with a notable change in voting structure (see more below). Staff will lead the development of the final proposal. While there is not a specific role for SRC in the final proposal phase, SRC representatives are expected to maintain communications with their sector and inform them of progress. Initiative sponsor(s) will have no formal role at this stage, but may assist staff in encouraging participation and driving consensus.

As with straw proposal and draft final proposal development, there should be a workshop on the final proposal and opportunity to comment. Additional workshops and comment periods may be necessary depending on the level of consensus.

Staff Functions:

- Facilitation: Leading meetings, working with Initiatives Sponsors and Work Groups as needed, facilitating vote(s)
- Administrative: Developing materials, noticing, scheduling, managing comment tool.
- Policy Lead: Each initiative should have a designated policy lead.
- SME's on hand for consultation
- Consultation on feasibility: IT, legal, operations

Vote & Finalizing the Final Proposal

[HOLD for REMAND process]

BOARD CONSIDERATION

Once a vote is taken, the final proposal will proceed directly to the board, regardless of the results of the vote. Staff will be tasked with assembling a package of materials to present to the Board that includes at a minimum, the following elements:

- Changes from straw proposal and if applicable, draft final proposal
- Stakeholder process including results of indicative votes
- Final proposal
- Vote on the final proposal and associated analysis
- Governance classification

If applicable, staff should also submit materials from the DMM, MSC, and/or Market Expert. The SRC may provide reports or opinions to the ROWE Board at this time. These documents could include reporting and analysis of voting results, summaries of stakeholder positions, identification of open or unresolved issues, and review of whether the outcome of the initiative adequately addressed the policy priorities of stakeholders as identified in the initiative prioritization process.

Staff will present the final proposal and package of materials to the Board. If a member of the SRC would like to present to the Board on a specific matter related to the Initiative, they may request to do so. An opportunity for public comment should be easily accessible and available.

If the Board does not accept a Recommendation

[Remand Process]